

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-13 ISO-00 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 L-03 /058 W
----- 004530

R 160112Z AUG 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 2083

INFO AMEMBASSY MANILA

USMISSION GENEVA

C O N F I D E N T I A L BANGKOK 22881

DEPT PASS STR FOR AMBASSADOR DENT FROM SMITH

GENEVA FOR PHELAN

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJ: TEXTILES: USG/GOP MFA DISCUSSIONS

1. US-PHILIPPINE TEXTILE TALKS HELD AUG 12-13, 1976 IN MANILA
WITH OPENING SESSION IN AFTERNOON AUG 12 DEVOTED TO DISCUSSION OF
MFA. USDEL CHAIRMAN SMITH PRESENTED US POSITION FOR SIMPLE
EXTENSION OF MFA FOR 3-4 YEARS AND URGING GOP TO SUPPORT SUCH
EXTENSION. SMITH NOTED US WAS AWARE OF DESIRES BY MANY COUNTRIES
TO MODIFY MFA BUT EXPRESSED OPINION THAT SUCH ACTION
WOULD INVOLVE LENGTHY RENEGOTIATION, WOULD BE EXTREMELY
DIFFICULT, COULD RESULT IN ACRIMONY AMONG NEGOTIATING
COUNTRIES, AND INSTABILITY IN TEXTILE TRADE. SMITH FURTHER
STATED THAT MFA RENEWAL SHOULD NOT BE LINKED TO MTN. SUCH LINKAGE
COULD PLACE IN JEOPARDY BOTH THE NULTILATERAL TRADE NEGOTIATIONS
AND THE EXTENSION OF THE MFA. HE SUGGESTED THAT A COUNTRY SHOULD
NOT REJECT THE MFA BECAUSE OF ONE BAD EXPERIENCE (I.E., THE
PHILLIPINE EXPERIENCE WITH AUSTRALIA ON KNITTED TOPS). THE
VALUE OF THE MFA IN PROVIDING STABILITY AND PERMITTING GUARANTEED
ACCESS TO MARKETS SHOULD NOT BE UNDERESTIMATED.

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2. TONY CARAG (CONFEDERATION OF TEXTILE EXPORTERS MEMBER OF PHILDEL, WHO HAD PRESENTED GOP CASE AGAINST AUGSTRALIA AT TSB), RESPONDED THAT MFA WOULD REMAIN VALUELESS IF SIMPLY EXTENDED. TSB SERVED ONLY AS DEBATING FORUM AND COULD NOT POLICE COMPLIANCE WITH MFA; IT WAS A "COMPLETE FAILURE IN PRACTICAL MATTERS", AND ITS FUNCTION SEEMED TO BE TO "VALIDATE UNFAIR PRACTICES". CARAG NOTED THAT WITHOUT THE MFA IT WOULD STILL BE POSSIBLE TO NEGOTIATE BILATERALS, AND THAT COUNTRIES SHOULD FOLLOW THE SPIRIT AND FOUNDING INTENT OF MFA WHICH WAS TO "REALLY HLEP DEVELOPING COUNTIRES". NEW ENTRANTS TO THE TEXTILE TRADE SHOULD GET A FAVORED POSITION AND NOT BE STIFLED AS AT PRESENT.

3. CARAG CONCLUDED WITH SEVEN SPECIFIC AREAS IN WHICH THE MFA COULD BE IMPROVED. (1) THERE SHOULD BE NO RESORTING TO ARTICLE 3 TO PROMPT THE NEGOTIATIONS OF BILATERALS--IT SHOULD BE FREELY DONE WITHOUT THE IMPOSITION OF AN "OR ELSE" SITUATION. (2) NEW ENTRANTS TO A MARKET SHOULD BE GIVEN A PERIOD OF GUARANTEED UNLIMITED ACCESS, WITH CAPACITY, PLANNED DEVELOPMENT, AND OTHER FACTORS CONSIDERED RATHER THAN JUST "PAST PERFORMANCE". (3) ORIGINAL INTENT OF MFA WAS FOR DEVELOPED COUNTRIES TO "GET OUT OF" APPAREL MANUFACTURE--A CLEAR PLAN FOR ACCOMPLISHING THIS SHOULD BE ESTABLISHED. (4) THE TSB SHOULD BE GIVEN "MORE TEETH" TO ENFORCE THE MFA. (5) A SIMPLER, FASTER MECHANISM FOR APPEAL FORM TSB DECISIONS SHOULD BE ESTABLISHED. (6) THE MFA SHOULD BE REVIEWED TO KEEP IT FROM BEING TOO COMPLEX AND INTERNALLY INCONSISTENT; IT SHOULD NOT BE A "LAWYERS DOCUMENT" AS AT PRESENT. (7) MARKET DISRUPTION SHOULD BE RELATED NOT TO PERCENT INCREASES ON A COUNTRY BASIS BUT RATHER TO A TOTALITY OF FACTORS, E.G. POPULATION, MARKET GROWTH, DOMINATION OF THE MARKET, ETC.

4. UNDERSECRETARY OF FINANCE ALFREDO PIO DE RODA, CHAIRMAN OF PHILDEL NOTED THAT CARAG'S COMMENTS REFLECTED THE INDUSTRY POINT OF VIEW. ALTHOUGH THE GOP WAS STUDYING THE SITUATION, NO POSITION HAD BEEN TAKEN AS YET.

5. EDDIE SANCHEZ, EXECUTIVE DIRECTOR, TEXTILE EXPORTERS BOARD, AND QUINTIN SANTIAGO (PHIL. ASSOC. OF APPAREL & EMBROIDERY MEMBER OF PHILDEL) SUBSEQUENTLY TOLD USDEL MEMBERS INDIVIDUALLY THAT CARAG WAS SPEAKING FOR HIMSELF AND HAD TO GET ABOVE VIEWS "OFF HIS CHEST". THEY BOTH NOTED THAT MOST PERSUASIVE POINT WAS CONFIDENTIAL

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THAT EXISTENCE OF MFA TENDED TO PROVIDE RESTRAINING ELEMENT ON IMPORTING COUNTRY'S INDUSTRY'S ABILITY TO SECURE MORE RESTRICTIVE MEASURES THROUGH LEGISLATION. SANCHEZ AND SANTIAGO BOTH THEN ASSURED USDEL MEMBERS THAT GOP (ROP) WOULD SUPPORT SIPLE EXTENSION OF MFA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, DIPLOMATIC DISCUSSIONS, MULTI FIBER ARRANGEMENTS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BANGKO22881
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760313-0861
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760852/aaaabsog.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by buchant0>; APPROVED <14 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXTILES: USG/GOP MFA DISCUSSIONS
TAGS: ETRD, EPAP, RP, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006